

HUDSON, NH, BOARD OF SELECTMEN
Minutes of the June 7, 2011 Workshop Meeting

1. CALL TO ORDER by Chairman Jasper at 7:02 p.m. in the Selectmen's Meeting Room at Town Hall.
2. PLEDGE OF ALLEGIANCE led by Charlotte Schweiss, Chairman of the Budget Committee.
3. ATTENDANCE - Roger Coutu, Ben Nadeau, Rick Maddox, Shawn Jasper, and Ted Luszey
Staff/Others: Jim Michaud, Asst. Town Assessor
4. DISCUSSION ITEMS

Motion by Selectman Coutu, seconded by Selectman Maddox, to change the order of the day and take up item 4. B. first, carried 5-0.

B. Assessing 101

Chairman Jasper recognized Assistant Town Assessor Jim Michaud to give us a tutorial in assessing.

Good evening to the Board, to those here, and those at home. Mr. Michaud said he has three submissions included for tonight. It's not limited to that. It's tough to get an arm around all of the rules, and all of the laws, and statutory law, and case law that surrounds property assessing. Any State no mind New Hampshire, which is the most property tax dependent State in the country.

Mr. Michaud said the first document is something probably familiar with some of the Board members. Its department review of Assessing. It goes through the personnel that we have in our office. We have 2 full time personnel, 2 part time personnel, how long we have been here, what our job descriptions are, and when their last job description rewrite was. In addition to internal resources, we also utilize some external resources. There's myself internally Assistant Assessor; there's also the full time Assessment Technician, a part-time Administrative Aide, and a part-time Appraisal Technician. The external resources are folks that would involve public utility evaluation tasks, folks that assist us in commercial and industrial appeal work – when folks are appealing large valued commercial industrial properties. We tend to go outside of internal resources and have them assist us. The Department is responsible for the tax maps in the community. So the tax maps that you see on line and also within the building the responsibility for that rise in the Assessing Department, and we use an external mapping company to assist us in that. It happens to be Aerial Map and Survey. It could happen to be any company can get the job done.

[Jim Michaud] We also use the Town's legal counsel, primarily Hage, Hodes Professional Association for legal items requiring assistance. If we're going to Superior Court, we certainly would have an attorney with us because we cannot represent a corporation not being attorneys ourselves. We also utilize Patriot Properties, which is one of a handful of companies that assist communities in New Hampshire in computer assisted mass appraisal or CAMA. We use their software. They did the 2002 re-evaluation with us. We continue to use their software. It's done quite well in terms of its ability to function as a good mass appraisal software. They also host the community property assessment data on line. That's not something they have to do, that's something that we could at some point in time do ourselves when we got to that point. That's external human resources.

Mr. Michaud has gone through and from the New Hampshire Assessing Reference Manual, which is here, there's a calendar of events from January through December on a calendar year basis that describe what assessing department's typically have to do and timely do. Items such as getting the June tax bills out, getting the tax warrant to the Selectmen by May 15th, making sure that we have any exemption or credit applications due into us by April 15th, and making sure we have the gross valuation of the community ready

for the State of New Hampshire by September 1st. So lots of detail involved but there's a natural sequence to it that every community follows. No matter its size, they all have the same responsibilities.

Chairman Jasper stopped Mr. Michaud just for a moment to say that if any member of the Board or the Budget Committee has any questions at any time rather than try to remember those questions and go back to them, please raise your hand if you do have a question as Jim's going through.

Selectman Maddox asked Mr. Michaud if he could explain to the voters at home – again we know but again I think people ask me why you're the Assistant Assessor. Mr. Michaud said that was a very good question. In New Hampshire in towns with Board of Selectmen, the Boards of Selectmen are the assessors. They act as the Board of Assessors for the community. They have the full power and statutory authority to appraise the property, make decisions on tax credits, tax exemptions, tax abatements, yield tax, excavation tax, and current use applications. So they are the statutory authority. As such, this community has decided to name its department head as the Assistant Assessor. Other communities do different things and none of them are necessarily the right way or the wrong way, it's just what works for them. In cities, they will have separate Boards of Assessors. So the City of Manchester has a separate Board of Assessors, Laconia, and City of Nashua. In town council communities such as Hooksett, they'll have a subset of the town council that acts as a Board of Assessors and they'll have some professional staff that will do the day to day. That is why.

Going beyond the calendar of events towards the last two pages of that first document, Mr. Michaud said we go through some continuing projects that we have this year. One is really one that we've been doing since the year 2000, which is going out to folks property and collecting data and recollecting data and making sure that our measurements are accurate on the buildings, that the property characteristics are accurate both exterior as well as interior. We last went through a total reassessment in 2007 and as soon as that was done, we were back out in the field going to each property again. We're finding less each time that we go out. This is the third data collection cycle since 2000. We're finding less errata than we did back during that 2002 re-evaluation which we started in the year 2000. That's Item A.

Item B and C are really very similar. Mr. Michaud said they are scanning documents trying to cut down on the paper load that exists in the building. Some of those are internal to the AssessPro system. So folk's elderly exemption applications or disabled exemption applications are being scanned right in within our mass appraisal software. Other items are scanned into a content central or town wide document center such as old assessment cards. We can pull them from the files. We've made a decision to hold on to those at the storage warehouse just because its data that you'll never be able to recreate again. We're currently adding to that data base so that folks can look at the old assessment records, which typically come up on a zoning appeal or something like that. What was the use way back when? There's a variety of reasons why it would be useful to have the old assessment records.

Item D, Mr. Michaud said we rephoto properties when they change dramatically. A person comes into the building, they look at their assessment record, and my house looks nothing like that. I added a garage, an addition. We want to maintain some credibility in the picture is worth a thousand words. Beyond that, we're looking at any outstanding property tax appeals that we have. When you move beyond the local level on tax appeals, so if a person doesn't feel their assessment is accurate, they file locally. If they're not satisfied with the resolution locally, they can go to one of two avenues. One is the Board of Tax and Land Appeals in Concord, which is where more of the residential go. The second avenue is to Superior Court. You very rarely will see residential appeals go to Superior Court. We're fortunate right now we have very few appeals. We have one commercial appeal on Executive Drive up at the Board of Tax and Land Appeals. We have no Superior Court appeals. So that's changed quite a bit from 2 or 3 years ago. The cycle will ramp right up again. Usually when you have a reassessment, you'll see an increase in your appeal load. Change is good but sometimes folks disagree with the changes.

Chairman Jasper asked if Mr. Michaud was going to in any place in here talk about the overlay. It seemed like this might be a good time for you to explain why we budget overlay, what overlay is, and how it affects the tax rate. In the Town's fiscal house, Mr. Michaud said if folks apply for a tax abatement they're coming to the Town and saying I think my assessment is incorrect and we do or don't agree with them. Let's assume we agree with them and there's a tax rate \$16.11. If their assessment goes down by \$10,000,

they're due \$161.10 plus statutory 6 percent interest. Where does that money come from? When the Board is deciding the items that will go into the setting of the tax rate, one of the key items that get discussed in the late summer usually August of each year is how much are we going to put in overlay. Overlay is a statutory term but basically it's an account set aside to pay back taxpayers on abatement applications that they're successful on. If we didn't have an account, we wouldn't have any money to pay them easily but yet the law says we're required to pay them when we agree that they are over assessed.

[Jim Michaud] How much should go into overlay? The Assessing Department really looks at what is its potential exposure. How much do we think we'll be putting out in tax abatements? We don't know. If you estimate too low, you're going to have a problem. You're going to have to open up your reserve account. If you estimate too high, you end up raising more money in that account than you needed. We've never had a situation in my time here that we've not raised enough money. We estimate whatever it is, he wasn't sure what the amount is for this year, maybe \$200,000 and we may not be close to \$30,000 or \$40,000 for this year. Your estimating it in August and the appeals are due the following March 1st. You really don't know concretely how much you really should be overlaying for. You're just providing your best estimate. You're looking at some historical perspective. Obviously you're looking at general economic conditions. You're looking at your assessment ratio. Overlay is a necessary item that actually gets loaded in the tax rate without Town Meeting, without Budget Committee. It's really a function of the Board of Selectmen in concert with some recommendations. The Finance Director gets involved in the sense that she'll review it and see what the history has been. The Town Administrator reviews it. Ultimately we also look at what our outstanding appeals are. If we have 10 Superior Court appeals from '07, '08, and '09, we're looking at potential exposure. We're going to probably have a higher estimate than if we have very few appeals.

Ms. Schweiss said this is the first time really because we've never gone through overlay or anything like that in the budget. In the budget, where is this overlay and exactly where does the money come from? Is that part of what you say okay our total budget including say \$200,000 – that's what we're taxing the people with – does it come out of the general fund? Where is it?

As Chairman Jasper recall and he didn't have it in front of him, it's in the income side as a negative I believe. It's not a line item in the budget but when we look at revenues, we have an overlay account and I believe that's a negative.

Mr. Michaud was not sure. I think Kathy Carpentier the Finance Director would be the best person to say this is where it is when it's coming into the Budget Committee.

As Chairman Jasper recalled, that's what you will see. If you look in revenues, you see the overlay account and the revenue is a negative. It goes closer to positive the worse we do.

Ms. Schweiss asked to still explain to her. Chairman Jasper said it doesn't get budgeted. You won't see it as a line item in the expenditure. You'll only see it in that revenue report. So it's not one of those accounts that we can look at and say okay we didn't expend this money so now we can put it into town-wide paving. That's an account that's not budgeted. We're anticipating let's say \$21 million in property tax. That's all revenue. It's not \$21 million in property tax because we have all of our other revenues. We expect a revenue of \$21 million. So you have all these things that add up to actually probably a little bit more than \$21 million because we have the overlay account which has \$200,000 in negative so the total actually on the positive side may be \$21,200,000 but it comes out to \$21,000 because of that \$200,000 negative.

Ms. Schweiss asked if this was one of those things where you can't be an accountant to understand it. It's so confusing as to where does the money come from or am I losing it somewhere? Chairman Jasper said it isn't real money. What we're anticipating is the tax rate is set with that in anticipation. In a perfect world, we'd have all of our income from building, ambulance and everything else. The difference would be property tax say \$16 million in property tax that we have to raise but we anticipate that we are going to have reductions in the total assessment will come out of the overlay account. So the actual property tax that we set the tax rate on is based on \$16,200,000.

Mr. Michaud indicated an important point about the overlay account is that's all it can be used for. It can only be used, it can't be transferred, it can't be moved around – this is in Statute and it has also been checked with the Department of Revenue – you can only use it for abatement purposes. That's it. It can't get moved around and stuff between departments or anything. It's not even a department account. It's an administration. Ms. Schweiss said there's nothing there for you to move around. It's a minus. It's not there.

Selectman Maddox said it's actually showing up as an add for the overlay and more service credits in the budget. Again, untouchable by anything else. Chairman Jasper said it's a negative on the revenue side because the property tax is the positive. So that's a negative. It's a hit against the expenditures. At the end of the year if we don't use any of it, then we've raised \$200,000 too much but that automatically goes into surplus. So it can't go anyplace else. It just goes right into surplus.

Ms. Schweiss really thought that's something that the public should know. I think that was very good. Thank you very much.

Mr. Michaud said that was towards Item E. In the Assessing Department we're also looking at what the Legislature is doing, what the Department of Revenue is doing in terms of their oversight of the assessing function. There's an Assessing Standards Board, and Equalization Standards Board and it's good to know what's going on. What's going to be coming down at you or with you in terms of administration of the State's oversight and how it may impact the local community?

[Jim Michaud] We have a 2010 state-wide high resolution aerial ortho imagery project. Basically there was a flyover done of the community and that is going to be implemented into our GIS system (Geographic Information System) at some point in the near future. That was cost free in a sense that the State along with some federal monies was able to provide that data to us for free. The implementation will not be cost free, but the data at least very valuable. We haven't had a fly over since 2005. So it's a very timely fly over. That gets incorporated into our system so that we can match it up on a map and lot basis or on an address basis.

Beyond that, Mr. Michaud said the final item – property tax year 2012. We're doing a re-assessment for 2012 and we're required to do it once every 5 years. The Board has approved one of the items associated with that, the hiring of a commercial industrial evaluation firm to assist us. There will be a public utility valuation contract coming in pending. We've already started our work in terms of preparing for that – a timeline and that cyclical data collection is a key part of that as well.

Selectman Coutu asked about the legislation regarding the utilities. What was the status of that? Chairman Jasper said the status of that is that it is currently on the table. The current status is that the assessment of the telephone poles will go forward. However, it is likely that the Senate will put that in House Bill 2, which is the Trailer Bill. The Bill to actually stay the assessment of the telephone poles, in other words not to assess them, passed the House by one vote. Then there was a motion to reconsider and that passed by a couple of votes. I made the motion to lay it on the table. That's where it lies at the moment. Something is likely to happen in Committee of Conference. I wouldn't bet anything on it right now.

As you recall Jim, you and I [Selectman Coutu] had communications back and forth relative to that piece of legislation. I thought I had done due diligence by notifying those legislatures in our group anyway that they should vote against the bill. What impact will that legislation have on the Town of Hudson should it pass?

Mr. Michaud said what we're talking about is telephone poles out there in the street when they're owned by the non telecom companies so when they're run by PSNH they're assessed. When they're owned by the telecom companies, they're exempt. There's reasons for that. The exemption was removed last year after April 1st of last year. So this would have been the first year that it could have been assessed to the telecommunication companies. Because of this Bill, Senate Bill 133 and the idea behind it, is to restore its exempt status. It has not been assessed locally. It has never been assessed locally when they're owned by the telecommunication companies. I don't have a figure in front of us today in terms of what is the value of

the poles. The figures that I hear is it's approximately \$800 to \$1,000 per pole is the cost of the pole. We're not perfectly split down the middle but most of the poles, 85 percent or more of the poles in Hudson are co-owned. So we're assessing half the pole right now and then we'd be assessing the other half of the pole if we're able to as taxable value. I don't have a clear number. If we gain tax space, then it serves to lessen a tax rate increase or lessen what the tax rate might be. It takes a lot of millions to lessen our tax rate. I don't have a good clear answer.

Selectman Coutu said then the immediate impact is that it has none if everything stayed as it was. If it were to pass, we could gain on the tax base? Chairman Jasper said no. Right now status quo means we could gain on the tax base because the exemption has expired. The Bill was to continue the exemption. The flip side of that and where it gets complicated from an assessor's standpoint, you want to assess the property. Looking at it in the more global picture, the problem is that there are fewer and fewer land lines. What will happen is that tax, and there's been some disagreement but when I served on ways and means and we talked about this and asked the question, the opinion was that because it is a tax it can be automatically added on to your phone bill. So while the property tax savings will accrue to everyone and it will be miniscule – but vacant property, current use property, commercial, industrial, residential, everyone would get that benefit but only the people with the land line would pay the tax. The problem is that it's not even community by community. Think about Colebrook – how many miles of telephone poles do they have to get to service very few customers. When you're up north, you also don't have the ability to have cell phones. Most of us already have problems. We may lose our service walking from one room to another in Hudson. You think about people who are living in the White Mountains and up beyond, cell phone is not something that works for them. So they really have to have land lines. For the average homeowner who has a land line whatever additional money would save them on their property tax, they would more than pay for that on the bill because they're going to be paying for the telephone poles in Colebrook because there aren't enough customers in Colebrook, Bethlehem, and Hart's Location to pay that property. That's the problem here and that's why there is the desire to continue that exemption. The reality is that the telephone company pays a different tax and that was why the exemption existed. They are already taxed based on their property. That's the two sides of the coin. Assessors of course who want to assess the poles can't blame them for that but the rest of us look at it and say is there a benefit to most of the people in the State. I think not.

Selectman Coutu thanked Chairman Jasper for the explanation. I was looking at it from the Town's perspective as opposed to the global impact. It completely escaped me how rural some of those towns are up in the North Country having lived there in the past. I can attest to the fact that it is very difficult to get cell phone service in the White Mountains. Thank you for that explanation.

In Item 2, Mr. Michaud said the time to plan for the next re-evaluation really in 2017 if not sooner really starts in the budget cycle of this year. We'll be cautiously looking at that at least broaching the subject. Probably won't be asking for any funding for that. We want to keep that capital reserve fund for future property re-evaluation alive. It is a good tool and vehicle for the Board of Assessors, the Board of Selectmen to have.

In terms of staffing, Mr. Michaud said we have looked in the past at converting some of our part-time staff to full time. Obviously in this general economic climate it's probably not the best thing to go forward with that this fall. It may never be. When we look at what the institutional knowledge that you gain from having folks that are here full time, it's a dynamic process the assessment in the community not just the appraisal of the property but also the administration of the laws and rules. It is something that I've been looking at in the past, will continue to look at, but also be cognizant of the environment that we're in.

Mr. Michaud said they use vehicles to go out to property. We want to make sure that we maintain access to vehicles so we can go out to property. In terms of capital, it's probably one of our only capital items that and IT resources. Green Meadow if that comes to fruition at some point in the future when the general economy recovers and the golf course ceases to be the highest and best use of the property, that will be an very significant development depending upon what happens with it in terms of its significance. In terms of evaluation matter, it will be a really important matter for the Board to fund necessary resources to pay for

the changed valuation of that. I don't think it's just going to be a cookie cutter subdivision when that comes through. I don't have any information on that. Just looking at the past.

As far as working with the IT Department, Mr. Michaud said we have a lot of GIS data that would be valuable to the public both in terms of on the public counter as well as possibly on the internet. As we move forward in the development of our GIS, that's something that at least my department would like to have that kind of access for the public. We seem to have the counter space for it and it seems to kind of be a fit for either us and/or the Community Development Department and/or both. That's the first part of the Memo.

Mr. Michaud said the second one and we can do one or the other first, it's up to the Board but I have one called Assessing 101 and I have another one called Property Assessment 101 for Hudson property owners. Any desire on the Board on which one we should go through first. Selectman Coutu said whichever you're most comfortable with I would think.

[Jim Michaud] Assessing 101. Truly I have lifted a lot of that from a book that I helped write, a manual. I was on a team that helped write Understanding New Hampshire Property Taxes, the official New Hampshire assessing reference manual. Every town has this. It was developed from a subcommittee at the New Hampshire Assessing Standards Board. Why reinvent the wheel. It has a lot of great data in it. This is a Board resource. It's also a property taxpayer resource. It's also available on line through the State of New Hampshire Department of Revenue's web site. So it's a PDF and folks can look at it, review it, and print it out. Selectman Maddox asked if there was a link from the assessing page for Hudson to the State. Mr. Michaud said not yet. Selectman Maddox thought that maybe that's a good idea because people are going to be after this exciting meeting would have a resource to be able to go to. What Mr. Michaud was going to say is it's about 3 years dated so 99 percent of the data is still accurate. When the Legislature meets and case law changes, administrative rules change. It can be some errata but not much.

Mr. Michaud said the Assessing 101 document goes through and it talks at the beginning at least how do we value property. There's 3 traditional approaches to valuing property. The first really was the cost approach. What that is is what is the value of your land plus site improvements and what is the replacement cost of your property, so think of your insurance. You insured your house for replacement costs less depreciation. So when you're looking at your insurance page for replacement of your home, generally speaking they're not replacing your foundation because the foundation usually survives, and you're not funding for insurance costs replacement of your well and septic or your utilities. You are funding the sticks and bricks replacement. We're looking at a similar replacement cost but we're not looking to replace your house, we're looking for the value. You would look at the cost to replace minus depreciation. It's not less depreciation in the sense of an account would measure depreciation or the IRS would measure depreciation but more what does the market think a 10 year old ranch has depreciated from relative to its replacement costs. How do we know that? We can estimate that depreciation from sales data. This is what a 10 year old ranch sells for versus a brand new ranch. What's the difference? That must be the depreciation. So when you're looking at the assessment record or...

Chairman Jasper said isn't true that that could also be appreciation. It's not necessarily depreciation. Mr. Michaud said he was correct. It could also be appreciation. We use a hybrid cost approach when we're explaining the assessment on a property assessment record. We actually use the term "appreciation". We use the term "cost approach". We use base rate per square foot. So it's a fundamental underpinning of most property assessment systems. The cost comes from the market. Cost is not something obtuse. It comes from the market. There's cost manuals. There's builders that provide you cost data. So we're pulling it from regional publications that are calibrated to the local zip code. We're also pulling it from area data from area builders. The cost approach is good to use in the sense that it's easily explainable. That's a fundamental attribute that is beneficial when you're talking to someone about it.

Mr. Michaud said its weakness is when you get to a 50 year old property, how do you estimate the accrued depreciation accurately because you have things that are called curable physical depreciation and incurable – foundations, 6 inch foundations versus an 8 inch or 10 inch width foundation. That's incurable. You're not going to replace the foundation but you are going to replace windows possibly, roofs, siding systems,

heating systems, and electric systems. It's a good approach by primarily what you are talking about for residential property is a second approach which is one you are more used to which is a sales comparison approach. What are other properties similar to this one selling for? No property being the same but we're looking at similarities between similar ranches, similar neighborhoods, and similar condition. When you're looking at your appraisal from the bank, that's primarily the approach that's being used. That's primarily the approach that we use to help defend the assessment and it's also the approach that we use to arrive at the actual assessment for residential property. The cost approach you would more typically use for unique special purchase property for which you don't have any market sales data. Think hospitals.

Selectman Luszey said the last 8 quarters, maybe 9 quarters now, you watch the television finance shows. This week, again, housing price or value down another 4 or 5 percent. We're at 2002 levels nationally. How do you explain to a homeowner that just received their tax bill that it doesn't equate to a 2002 value? How do you adjust all of that?

First of all, and I know you're not suggesting this, Mr. Michaud said we wouldn't use national estimates of the decline of property to estimate what's happening in Hudson, New Hampshire. So that's the first thing. I don't think we've met 2002 levels here. We can measure that. We don't reassess every year in the community. Some communities do. Most communities in New Hampshire do not. Last time we re-assessed was 2007. Pretty much the tippity top of the market and the market has certainly declined precipitously for most property in that time frame. Each year the State of New Hampshire and municipalities in the State combine each other's data. There's sales that happen and there's assessments of those sales and we arrive at ratios. What is the median ratio amongst all the arms-length transactions in that community, what is the median assessment to sale price ratio? Hudson currently for 2010, we don't have 2011 ratio, our assessments were at 114.5 percent above the market. Before we did the 2007 re-evaluation, we had ratios that were probably closer to 82 percent. So we were under the market. That in and of itself whether you're at 114 percent or you're at 86 percent, as long as most of your property assessments are near those ratios, that's equitable. If everybody is equitably at 86 percent, that's equitable. We're all proportionate. If everybody is at 114 ½, then that's equitable. That's proportional. When you're looking at your tax bill and you're looking at the assessment on the tax bill, understand that we're all in it together. We all have assessments that by and large are above the market and the question is am I at 149 percent of value or am I closer to the 114 percent of value. Obviously if you're 105 percent of value, you pretty much stay quiet. You want to make sure that folks would access a document that's up on our website. It's called assessment versus market value. It talks about how you would compute what does the town say the market value of my property is for April 1st of 2011? You'd take your assessment and divide it by that assessment ratio. It's one ratio that covers the whole community – commercial, industrial, and residential. So in that sense, it's a macro ratio. Once you calculate that number, that's what the Town's saying the market value of your property is.

Mr. Michaud said we don't have this year's ratio. So the only actual factual ratio we have is the 114.5. I can tell you it's going to be above 114.5 for 2011. They have stated market values have not come back. They continue to decline and our ratio will reflect that. Will it be at 116 percent for this year? Will it be at 118 when I first got here in 1995 we were at 118? I don't know. The ratio year is still continuing. It continues through September 30th of this year. We have a pretty clear handle as we head into the late part of this calendar year where our ratio is going to be. The State of New Hampshire actually officially sets the ratio. We'll go back and forth on sales that we should or should not include in the ratio study. It's important to understand that the ratio only uses what we believed to be arms-length transactions. Fair market value transactions where there's no undue stress on the seller and no undue stress on the buyer. What does that mean? Foreclosures are not a definition of market value. That's the definition of a distressed sale. Short sales. That's a definition of a distressed sale. In areas of the State and areas of the country is the market. The short sales and foreclosure – you can't find a regular sales transaction. That's not the case here. That's shown by the numbers that we have. That's kind of a long explanation.

If we re-assessed every year, Mr. Michaud said we'd be somewhere close to 100 percent. The more years that we leave from a re-evaluation year 2007, the further apart from market value we'll get. That by itself doesn't mean it's inequitable. There's another statistic that would calculate how far we disburse from that ratio. That's kind of like Assessing 401. It's a co-efficient dispersion. If you have a co-efficient

dispersion of 10 percent or less, you are considered to have an excellent level of equity. So if most people are around that 114.5. You're not saying it, you're showing it. I think that's important to understand.

Before the 2007 reval., before the 2002 reval., we had ratios that were low. The market was continuing. Our assessments were like this, and the market is kibbling like this. So we had assessments that were under 100 percent of value. It wasn't so bad. People perceived that they were being under assessed or some folks may have assumed that they were paying less than they would have. The converse is true. They're looking at the high assessment now and thinking I'm paying more in taxes than I should. We're equitably over assessed based upon that co-efficient expansion. Yes there are errata out there and there are abatements that the Board approves. There are abatements that have merit. What we're seeing is that primarily we're equitably at that 114 percent range. It's difficult when you're over 100 percent because the mind set is you're over 100 percent. It's a crime. You shouldn't be doing it but if you're at 99 its okay. It's an individual discussion we have every day, multiple times on the phone, in person, by e-mail, and the like.

Amy Sousa, 58 Barretts Hill Road. My question is for the co-efficient of dispersion, do you value particular properties different? For example, duplexes the market is decidedly different. It does look more like a foreclosure or a short sale market. Mr. Michaud indicated we assess everyone at the same common level of assessment when we do a re-assessment. So the last time we did a re-assessment was 2007. We're shooting for market value. Market value in New Hampshire is defined as 9 to 110 percent as long as in a re-assessment year you are in that range, obviously we're shooting for 100, then that's equitable. Does the market erode or treat different property strata differently? Yes, I think it does. Ms. Sousa said which would show up in your co-efficient of dispersion or...

Mr. Michaud said that would show up in separating your strata out on your ratio. If all the property in the community is at 114.5 in a ratio study but condos happen to be at 110. Condexes happen to be at 122. Apartment buildings happen to be at 137. I'm throwing hypothetical numbers here. That would tend to indicate that I'm out of whack on this property strata. The problem with the 2 family sales is even in a good market you don't have many of them. We don't have many of them in Hudson anyways. How much data can you glean from the 5 or 6 good sales that you have when you only have 50 duplexes in town? Again, I'm throwing out hypothetical numbers. You have more creditability when you have more data and you can base your judgment more easily when you have more data. When you have less data, how credible is this ratio. If there's only 3 or 4 numbers that constitute that ratio, you might say there's not a lot of credibility. The State of New Hampshire needs at least 8 sales to compute an assessment ratio. There are communities from northern New Hampshire and western New Hampshire that don't have 8 sales. They'll have 3. They literally are struggling to get their ratio done but they have to have it. Every community has to have a ratio.

Ms. Sousa so handled at the State level as opposed to the co-efficient for dispersion. Mr. Michaud said with that on a ratio basis. So lining them up what are my various ratios. We do this. We do this condo complex to condo complex. This condo complex might be at 111; this one might be at 122. We either missed the boat in 2007 or the market did something since we did it in 2007. We don't want to go back and fight the war before. We want to accomplish the mission in front of us. Sometimes it's important to understand how we got here.

Just to tag on to that, Chairman Jasper said we are going into a re-evaluation year. We're not too concerned about what those disparities are at the moment between types of properties because everything is going to get a new valuation. Years ago we did the valuations less frequently. I can recall one time when the garden style apartments got out of whack. We had to go and re-evaluate that class of property to get it into line. That doesn't mean we're then going to show up with an evaluation at 100 percent. They're still going to go on the books at that 114 percent. So they're still going to think they're overvalued because of that. That's how it works to keep everybody in line. We have done that, although it's been many years since we had to.

Why you want to change that property strata, the substrata whether it be condexes, mobile homes, or multi-families, Mr. Michaud said it is because you want to treat taxpayers fairly. Second of all, you want to reduce your abatement exposure. Your overlay. You don't want to be flooded with these abatement

appeals if you can avoid it. Sometimes you can't avoid it. It's a wholesale disintegration of the market. I won't say that that happens, but I know that we've certainly seen a market decline. When I say property strata, we're also talking about price property strata – housing under \$200,000, housing between \$200,000 and \$300,000, and housing from \$300,000 and above. The higher price housing has really been damaged by this recession. Yes the other end of the property has also been hammered. The easier in, easier out property. Maybe it's a battle for who got hammered the most.

Mr. Michaud said we have up on the Town's web site a PowerPoint presentation assessment property value update 2012. It has quite a bit of data on it. Nothing does not need improvement. If we can improve this, we want to. We want to get suggestions so we can improve this document. It talks about one of the items that I'm talking about today for the sound bites.

Selectman Luszey indicated that Mr. Michaud said that I'm struggling with is you don't take in account distressed sales as part of the equation of determining the value of the property. When I read the paper – Sunday's or Thursday's, and I take a look at the foreclosures, especially in condos, why isn't that part of the equation? Mr. Michaud thought he was talking about our assessment ratio process that we worked through with the State. It's called "the equalization process leads to an assessment ratio". The idea of that is to get what is the valid market that we're basing the ratio on? Selectman Luszey said if you have a lot of distress sales and foreclosures in that strata...

Chairman Jasper told Selectman Luszey that people are losing those condos because they've lost their jobs. What the distress sale and what the number you're seeing reflects how much they owe on it. What the bank is taking it back at. It has absolutely no relationship to what it's selling at. So when we evaluate all the properties, that like property what do we care what that person who lost their condo owed. That doesn't have a relationship to the value. Selectman Luszey thought it does. Chairman Jasper said what they owe at the time it was taken over has absolutely nothing to do with the value of that property. Selectman Luszey said not at what it's taken over at the time, it's what it is sold at. Chairman Jasper said if the bank sells it that may be reflective of the value perhaps. What the bank is paying for is only reflective of what is owed. Selectman Luszey is following him there and that's what he's saying. When I take a look at when these transactions are done and they're sold again, they're much lower. So it is driving the market value of those units down. Chairman Jasper said Jim can probably talk a little bit better to how he looks at the bank selling it. Again, I would think that may be a distress sale from the bank's point of view because they just want to get it off of their rolls. If they took it over for \$86,000 and they can sell it for \$86,000 then that again may not be reflected. Selectman Luszey asked if that was the market then. Chairman Jasper said it may not be. You have to realize that a lot of these distress sales there's a lot of damage done to them. When people lose property, very often – and Ben's talked to me about this before, he's seen things that have been yanked out of the buildings, the damage that has been done on the way out so when the bank is selling it, that may be a property that is truly distressed because of the interior condition. So that may not have any relationship to a value of a unit that's in good shape. I don't know if you want to add anything to that Jim or Ben.

Selectman Nadeau said he went to a house on Flying Rock Road just recently and it went up for auction. When I went there, I'm looking at what they owed on the house. They owed over \$400,000. It ended up selling for \$235,000. It was also missing the panel, most of the cabinets and everything else in the house that they could take with them. How does that affect how we look at that house when you see the sale versus when you go to assess it? Do you look at the data from the sales?

First of all, Mr. Michaud said we look at all the property data. When I was talking about the setting of the ratio, I'm following the State of New Hampshire's rules. They have non-arms length transaction codes. A foreclosure is a separate non-arms length transaction code from a sale by a financial institution. Do we take into account condition of a property? Absolutely. When we know what the condition is, we're not out re-inspecting everybody's property every day of the year obviously. We're not going to be there for April 1st of each year and each and every assessment year. The Board has seen abatements come in front of them where we had the condition is good or average. That's what it was back when we last inspected it. What do you know; people have let it go to waste. Certainly we want to have the assessment reflect that now poor condition.

Are those financial institution sales the market? Mr. Michaud said you test that. How are those institutional sales selling on a square foot basis or unit of comparisons easily calculable versus what the arms length transactions are selling for? Are they selling for similar rates per square foot? They are. They're selling anywhere from 20, to 30, or more percent below the market. So I'm going to sell my property, I expose it to the market in some fashion. Usually through MLS or through some real estate broker. It's going through a conventional process. My neighbor well they arranged a short sale and the bank is willing to take less than what is owed, or it's going to auction, and what is the dollar per square foot on my neighbor's property? We're seeing 20 to 30 percent or less per square foot. Well then that's not the market. As I said earlier if you have areas of the State and areas of the country where the market is that short sale market or the market is that financial institution sale market. So those that are trying to sell on a normal transaction, they can't do anything but sell similarly as those financial institution sales. We haven't met that. They're probably parts of that here. Most likely in the smallest square footage condexes happen to be the ones that have the most amounts of distress sales out there. Those that are in more traditional single family on its own lot, now's not a good time to sell. It hasn't been for some time. So they may be holding back even though they want to head to Florida, the Carolinas, or what have you or go find work somewhere else if they can find work somewhere else. When that distress market is the market, then it would be relatively little difference on a dollar per square foot. Do we consider them? Yes. Is it impacting the regular market? Without a doubt it's impacting the regular market. This recession has dragged down most – I'm not going to get into all property values – dragged down most property values.

[Jim Michaud] The last approach to value is the income approach to value. If you own an apartment building complex, you're not an owner occupant, its 20 units, and your purpose of owning it is for an income stream, this is the last traditional approach to value. We have a cost approach and we had the sales comparison approach, and we have the income approach.

The income approach measures what an investor measures whether they're looking at a strip center on Lowell Road or an apartment building, or a flex industrial space in Sagamore Industrial Park what can I rent it for? What's my typical vacancy and collection loss? What are my expenses? What's my net operating income? As an operating income, how does the market recognize that? How much would you pay to get \$100,000 in that operating income? Mr. Michaud said you end up capitalizing that through a capitalization rate. The best way to get a capitalization rate is from a property that has sold that rented that you knew what the income was. It's just a mathematical formula. You can find out the overall capitalization rate from that sale. That's very difficult. You'll more likely look at building up your capitalization rate through a band of technique. There's a variety of techniques to arrive at a capitalization rate. That is more along that commercial industrial approach. It's traditionally not using single family residential because the purpose of owning a single family property is to live in it and not get an income stream out of it. The income approach is 20 percent of our tax base or so is commercial industrial and that is one of the primary approaches for we'll say investor grade commercial industrial property.

[Jim Michaud] Components of a mass appraisal system. We use and organize a method of gathering the data. We use property assessment cards that have a variety of data on it – bedrooms, bathrooms, and style of property, calling this a first floor, calling this a garage, calling this a porch. Those are all components of a mass appraisal system. What that means is you're valuing a lot of property, a mass of property, using a standardized set of common data that you are treating ranches that are similar in a similar fashion. If they are are a similar grade of construction and a similar condition and we are also developed a USPAPT manual, which is a Uniform Standards and Professional Appraisal Practice Manual as part of that mass appraisal process. The mass appraisal process isn't just about valuing the property, it's also dealing with the after math of the value of the property, which is an appeals process, an appeals tracking system. We also have a lot of performance characteristics built into the software to help us measure how close we are to the market or how far apart from the market we are. By using a computerized system, obviously we can get a lot more done and a lot more credibility in what we're doing without having to do it in a manual fashion, such as was done 2 and 3 decades ago.

Re-evaluations. Mr. Michaud said traditionally re-evaluations in New Hampshire and around the country have been you either do it yourself in house or you hire a company to do it. You go to the Town and over a

12 to 18 month period you go through all the properties, you measure, you list them, you send out the notices, you go through your hearings, and then you set your final values and then the company – usually in a full re-valuation, you hire an outside company. Then the company leaves town, and then the town is left with those assessments. What we've been doing here since 2002 is using a hybrid where we're doing a substantial amount of the work in house and then we're hiring some external resources to assist us in a more intensive commercial industrial property and public utility property. That's what most communities are doing over a multi-year cycle. They've redata collect the property and they do or don't reassess in those interim years. We happen to have not done a re-assessment since 2007. So 2012 is the end of that cyclical process data collection and it's also when we are setting the new values as of April 1st of next year. Other communities, that ones that are doing it every year, are doing a statistical update. They may be out scratching, measuring, and listing the properties that sold, and they probably are, but they're not going out in mass and going out to everybody's property again. They're using the data that they got from the market to help estimate where values should be for this year now whether it be 2011, 2010, or 2009. I believe the City of Nashua does a form of statistical update every 2 to 3 years depending upon how bad the ratio gets. I don't want to let that ratio get outside that 90 to 110 percent of value. You'll typically see that the larger communities will adopt that approach of doing it every 2 to 3 years. The other communities will adopt what is required which is once every 5. There's no right or wrong answer. I think when the market is going through gyrations either up or down, you do want to not let the time span go too far. You don't want to have ratios at 150 and then you re-assess and then you don't have a ratio at 50 and reassess. You try to avoid those big spikes. That's why once every 5 does happen to work pretty well in the economic cycle for real estate. Other States, some go longer than 5, 6, 7 and 8 years. The right answer is what does that State require in their laws or rules. If the towns decide they want to do it more frequently, then they can do it. That's a little bit of a primer on re-evaluations.

[Jim Michaud] Next year we are also going through a State assessment review process so not only are they measuring have we re-assessed, are we re-assessing. They're also measuring are you administering the laws and rules adequately as they deal with tax credits for veterans, exemptions for elderly, blind or disabled. How do we address our abatements that are coming in? Is our data accurate? Actually go out into the community and measure. Statistically they'll pull a sample and actually go out to the property and check the data. This is State of New Hampshire, Department of Revenue, Property Appraisal Division personnel. They've been doing this since the Sorrell decision. The State actually used to do re-evaluations themselves. They got out of that business back around the Sorrell decision and gone to more of their enforcement or oversight role and making sure the communities no one is going to be perfect but make sure that communities are by and large complying with the State's laws and rules dealing with the assessment process. They play an important role in making sure that our property assessment system is fair and equitable. It will not get overturned by the New Hampshire Supreme Court, which almost did back in 2001.

The last document is property assessment 101 for Hudson property owners. Mr. Michaud said the second page really talks about what we hear a lot, which is if you're assessing my property at 114 percent, the Town must be ending up with more revenue. People may have moved from other areas of the country where that is actually true. They arrive at their assessments first and then they decide how much they're going to spend. So that's the cart driving the horse as opposed to the horse driving the cart. In New Hampshire and specifically here in Hudson, we arrive at what we want to get for services, what we want to budget for and then later on we figure out the value. So they're disconnected. They get connected when you get your tax bill but the budget isn't driving our assessments and our assessments aren't driving the budget. We can only end up with the amount of revenue that the voters have approved no matter what the assessments are. If we believe that the assessments will decrease next year over the aggregate in the whole, and I have no figure for you so let's just throw out 25 percent – that's strictly hypothetical, but if all the assessments went down by 25 percent and the budget remained the same and the revenue from other sources remained the same, our tax rate would go up by 25 percent. If my assessment went down 25 percent, the tax rate went up 25 percent, I'd pay the same bill that I paid this year. The proof is in the math and hopefully that's a pretty good chart there that explains different scenarios. If my assessment decreased by 10 percent, what would my tax bill be? It would be the same as if my assessment decreased by 20. It's also the same as if my assessment decreased by 30. Former Governor Thompson said, "Spending drives taxes".

Assessments apportion it out. You have a \$200,000 home, you have a \$150,000, and you have a \$300,000 – that apportions it. It may or may not be fair. It may not be based upon your income, but it is a rational process to do it. What gets voted on by the voters, that's the big budget. Then the assessment process just apportions that out. I think it's important to say that in New Hampshire and in Hudson, Hudson specifically, almost 2/3 of our revenue comes in either directly from the property tax or indirectly through use of the property assessments but in terms of education, funding aide, and aide that we got from the State. Much of that is based upon what the value of the community is. There are other important sources of revenue that make up the tax rate. The largest other source of nonproperty tax is motor vehicles. So when you're going to register your vehicle at Town Hall, that revenue is going to support your local community. Yes some is going to the State, but I think we all know the largest check is going to the community and that decreases the amount of money that's needed to be raised by the property tax. So if we all bought new vehicles, we'd have to raise less from the property tax. That's not the case today. Another important source of other revenue is funding from the State whatever form that takes – revenue sharing, education aide. Joe pays the whole tax bill but Joe doesn't always look at that there's 4 components and that there's a State education component, local education component. Both of those components form the local funding effort for education. Then there's a municipal side, and then there's the county side. We can't forget the County. It is the smallest part of the bill, but it's also a very important function. We pay a proportionate share of the County budget based upon the equalized valuation – equalized assessments of the community. So Nashua and Manchester pay more of the County budget than Hudson, but Litchfield pays less than Hudson because they are relatively less value.

If I could add anything to this assessment property value update PowerPoint, I would like to add this is what happens to your tax bill all things being equal if your assessment decreases or increases by a set percentage. Everything remains the same and you end up paying the same amount of tax. We know that not everything remains the same and there are changes in what the budget is. There are changes what costs are. There are changes in what revenue is coming in from other sources both internally and externally. So there's always a moving number. I think sometimes when people see the tax rate increase, they're quick to say sometimes it's this. But it's never just one thing. It's made up of so many items. There might be a top 10 list, but there'll be 20 or 30 reasons why the tax rate is the way that it is. I could spend hours doing this, but I probably shouldn't.

Selectman Coutu had 2 questions. I'll ask them separately. I've had a lot of people tell me that under no circumstances would they let an assessor into their home. They've asked me how does that affect how they assess my property. What is that answer to that question?

First of all, Mr. Michaud stated that we don't have the right to go into people's homes without permission. We're not a public safety department where the assessing department so folks decline. They have that right. So we have existing data on the property, they've declined an interior inspection, they allow us to do an exterior review – walk around the outside, check the measurements to use that example. What would cause us to estimate that the interior has changed in some fashion because that's what we have to do? We're not getting inside. We have to estimate something. We either estimate nothing has changed inside, or we estimate that it has improved, or we estimate that it has declined. If you had it as average condition and you walk around the outside, the outside looks like heck, the inside might not look so good either. So you might estimate that the condition has declined. You notice when you walk around the outside there's a central air compressor. One might assume that they have central air. If you don't have it on the assessment record, you probably should add it. Most people will have a central air compressor usually have central air conditioning. You estimate. The answer is we estimate. We don't have a choice. They run the risk I suppose for lack of a better word of are we estimating it correctly. They can go on line. They can see how we estimated it. We don't update our data on line every day. We update it twice a year – once with the June bill and once with the final bill. They can look at their assessment data and see if we've estimated accurately or not. I would encourage folks to allow us to get an accurate assessment on their property. When it comes time for appeal, we will request an interior inspection and all things being equal if we're not getting inside the property, it's going to be difficult for us to know whether or not they're claimed the overall assessment is correct or not. The honor system is great but sometimes it doesn't work.

Selectman Coutu thought that a lot of people fail to understand that depreciation is a factor in determining the value of the property. With that being said, the second question I have, and I had one most recently and I referred the person to you, what is the correct answer to give to a constituent who calls and says my income status has changed considerably? What do I need to go and apply for the low income abatement? I tell them to call you because I really don't have a specific answer and I'd like to have a specific answer to give.

Property tax relief – how do I obtain it? Mr. Michaud said one form of that even though it's not called property tax relief is am I a veteran? Am I entitled to get a veteran's credit? That's \$500 for the regular veteran's credit off of a tax bill. If my tax bill is \$3,000, I've just decreased it by \$500 for the service that they have made to our country. Second would be, and we go through with folks, we start right at the beginning...

Chairman Jasper stopped Mr. Michaud right there. That \$500 credit is only for those who served during times of war and that's defined federally. So not everyone who served in the military is eligible. You have to be serving during times of conflict. Mr. Michaud said that was absolutely correct. There is a qualification in the State law that follows department defense guidelines on what is a veteran, who can receive the veteran's credit. The data is up on our website. Then we move to the elderly exemption. Are they 65 years of age or older? If they're not, they we move to the next one. Are you disabled? They're not. Are you blind? These are all separate exemptions. Exemption works different than a credit. Credit is amount off your tax bill. An exemption is an amount off of your assessment. It ends up reducing your tax bill but they function a little bit differently. All a person usually cares about is they're going to pay a little less in tax or sometimes a lot less.

Let's say I don't qualify for any of those. What avenue do I have? Currently right, and Mr. Michaud indicated it's up on our website and the State's website is a low and moderate income property tax relief. I may have the words reversed. You can apply to the State of New Hampshire, we have the forms on the website, we have the forms in the Assessing Department, and you can apply to the State of New Hampshire to get a portion of your 2010 property taxes back to you. It's only a portion of the state-wide education rate component of your 2010 taxes. It is means tested. So there's an income component to it. I don't think there's an asset component to it. I think there's just an income component to it. The details are available. That window closes June 30th. So it's pretty important that folks that are thinking about that they review the form and see. That's an application to the State. What we provide is we have the form. I printed out the FAQ, the frequently asked questions from the State's website. We have their phone number but they need to know the map and lot. We have that. Their assessed value. It's not a difficult form. Let's say I've done that or I don't qualify for that. How do I get tax relief? My income has gone down.

[Jim Michaud] The last part really is called inability to pay, or hardship, or poverty. In the Statute it doesn't say hardship but it says inability to pay. There was case law on this. Inability to pay is good cause to seek an abatement. We get very few of those. Most communities get very few of those requests. It's in the form of an abatement request, but it's not based upon the value of the property. It's based upon the person's financial condition. The Board looks at what is their income, what are their assets, can they tap equity, and can they tap some other sources of revenue to pay their taxes. Is it one bill that's been missed or is the Town on the verge of taking their property? I think it's really specific to the individual situation. The hardship abatement is not commonly applied for. It's also not commonly granted because traditionally there's been other means of revenue or assets that folks can utilize to pay their property taxes.

There is also a tax deferral process but you have to be either elderly or disabled to apply for that tax deferral. We do have 5 to 6 a year that do get a tax deferral. It's an annual application. They are first either elderly or disabled, and then they prove that they have a hardship. Again, it's a measurement of income and assets. What that is is a different form of a tax lien. It's called tax deferral. It's still a lien. It gets recorded at the Registry but it doesn't get satisfied until they sell the property or the property somehow leaves their hands and moves on to the next world, then the heirs are responsible for paying that tax deferral typically from the proceeds of the sale of the house.

Selectman Coutu asked if a person could qualify for more than one tax relief. If a person is a veteran and blind, can they qualify for both? Mr. Michaud said yes.

Selectman Luszey asked what was the definition of elderly. What age do you legally become elderly? Mr. Michaud said according to State law, it starts at age 65. So a person has to be at least the age of 65 as of April 1st. So none of us here. The details are up on the website and obviously we're there to explain it to folks. We can't adopt the Town of Hudson starts at 60. We're a creature of the State in many ways. If the General Court, the House of Representatives, the State Senate, the Governor, the laws of the State – we can't do something unless there's a law that says we can do it. Correct me if I'm wrong. We're not Massachusetts. We are certainly New Hampshire. That has its pluses and its minuses but it seems to have worked well with the State.

Mr. Michaud indicated that that's kind of all I have but I can talk in more general terms. Does anyone have any questions?

Chairman Jasper hoped that everyone found that to be very helpful. I certainly found it to be a good refresher having been around while most of these laws were enacted.

Chairman Schweiss wanted to say thank you on behalf of the Budget Committee and thank you to the Selectmen. When Shawn and I talked, we thought it would be a good idea instead of Jim to go to two different meetings to come for us to be together and have the meeting. I think you did a great job. It was mostly for the taxpayers so they could understand a little bit. They probably have 50,000 more questions now that they've heard this much. Thank you very much. We appreciate it. Chairman Jasper thanked them for participating. I am sure that the rest of the Budget Committee was at home eating popcorn watching.

Selectman Maddox stated that Chairman Schweiss hit on what I was going to kind of go to. I think with re-evaluation coming up next year, I think that here's an opportunity for us to partner with the local paper to have them get general questions out of this discussion we just had and possibly the Assistant Town Assessor answer those. Again, we've touched on some of them. We know some of the answers so we didn't ask the questions. I think as we're leading up to this re-evaluation I think some of my neighbors in a condo association still don't get how things work. Where's our rebate for paying \$400 to have our roads plowed. Those kinds of questions would be nicely answered maybe on a periodic basis in the local paper to be able to set up our citizens so they understand the process. I think one of the things that make it difficult for the Assessing Department is just trying to get that information out on a universal basis. Whether it be our web site with questions, or I just thought the paper – everybody reads it if there was an Assessor's answer box. How do condos work would be a question? If I sell my half of the condex? Those kinds of questions in general not specific to a unit but general might be a useful tool for everybody as we get into re-evaluation. I'm sure everybody is going to disagree when it was high, and they're going to disagree now when we go down and it's low.

Chairman Jasper thanked Selectman Maddox. That would certainly be helpful and I'm sure that if the Hudson Litchfield News would like to do something like that Jim would be glad to participate.

Selectman Nadeau asked if there was a monthly timeline on the website for dates. Mr. Michaud said it's not as such. It is in the assessing reference manual which will be linked from the website. I can break it out obviously. I ripped it out of this document anyways for that memo. I can put that up and say assessing timeline. Assessing calendar. Selectman Nadeau said even if you just put the pertinent stuff to the last date to apply for veteran's tax credit. Last day to apply for a tax deferral for elderly and disabled is March 1st. I don't think people think about the intent to cut one. Mr. Michaud said he would put it all up. I think that's a great suggestion. I would put it all up. I also want to point out that we do put ads out in the HLN on the filing deadline for tax credits and tax exemptions. We also put it up on our website and also on cable. Certainly that kind of calendar...Selectman Nadeau indicated that this is an excellent document that we have here in front of us.

Just to round out, Selectman Maddox stated that Mr. Michaud's department is open Monday through Friday 8 a.m. to 4:30 p.m. Is it advisable to call and make an appointment? Can we just walk in with our questions? Mr. Michaud said it depends on the nature of the question. It really comes down to complexity. Certainly we have folks walk in with what they think was a simple question and 30 minutes later they're like wow I did not realize it was not that simple. Or they think it's a complicated question, they walk out saying wow that was a simple answer. It's not required to have an appointment. Folks can set up an appointment. Selectman Maddox asked for the telephone number if they want to call. Mr. Michaud said 886-6009.

Jim a while back you did a chart for the Board, and Chairman Jasper didn't know how wide the distribution was, it showed based on the equalized valuation the various tax rates in our surrounding community. Has that gotten up onto the web site any place? Mr. Michaud said he has not put that up on the website. I've given that to the Board. The Budget Committee may have gotten it in the past. What it examines is what is the average and median tax bill of a single family home on its own lot – we'll say the more traditional single family home. I've asked other assessors to submit data. I have 2010 data, 2009, 2008 and 2007. It's not every community in the State. I actually got a little less participation in 2010 than I did in 2009. It shows a good picture of...Chairman Jasper thought we hear people complain about property taxes all the time. When you look at that chart and see that information, off the top of my head I think Pelham was the closest to us but they were still 5 percent higher. That went all the way up to Derry, which was something like 25 percent higher than we were. I really think it shows the good job that the Town and the School District have done. We love to complain about the schools but when you look at how much less money we spend in Hudson than Derry or Merrimack...Selectman Maddox said value. Chairman Jasper said when you look at the SAT scores and everything else, you can't look at it and say we're spending \$20 million less than Merrimack for 400 students less and yet were getting less education. That's not there. It's because we've had a community that has been engaged and doesn't just let the spending arbitrarily go up. When we spend money, it's money that has to be justified first of all to school board, and this Board, and then to the Budget Committee, which has always raked both of us over the coals. That is a good thing. We need to be able to prove that it's an expenditure that we need to make. Finally it goes to the voters and very often the voters don't agree. We have a very engaged community here, and we have involved citizens asking the right questions and at the end of the day when you look at the value that we get for the dollar we spend, I think Hudson is second to none in what we do. That chart really shows that for this corner of the world at least.

Mr. Michaud thought they can easily show that. You really can't compare community's tax rates against each other. You don't know what their average or median assessment is. Newcastle – a \$12 tax rate. What's the average assessment of a single family home in Newcastle? That's a lot more than \$300,000. It's up there. When I see people comparing community to community, they didn't have the data, which is what is the thing that folks are paying? It's the tax bill. What is the average median and where do they stack up? That's what lead to that project.

Chairman Jasper appreciated that. Thank you very much. I think we're done on this section. The next item should be very brief. I don't know how much you all have to talk about under Other Business. We can either plow through or take a short break. Selectman Maddox said to plow through. Chairman Jasper thanked everyone for participating.

A. Hiring Seasonal Laborer – Highway Department

Chairman Jasper thought there were all aware of the situation where one of our new hires did not show up. Given that it's a short period of time and there's a lot of work to do, I did authorize the third person to be hired. I did check with a couple of you to make sure I wouldn't get in too much hot water. Unless there is a need to go into nonpublic, I'll entertain a motion:

Motion by Selectman Maddox, seconded by Selectman Luszey, to hire James Kay as a seasonal laborer in the Highway Department at a rate of \$12.00 per hour with no benefits effective May 29, 2011 for a period not to exceed 12 weeks, carried 5-0.

5. OTHER BUSINESS/REMARKS BY THE SELECTMEN

Selectman Maddox – A number of things. I heard on the radio and read in the paper that there's been yet another accident at Dracut and Sherburn. I'm going to make a motion that we send a letter to the New Hampshire DOT saying we are going to be putting up the chevron at that location unless we get written confirmation that they are going to do something else and we're going to do that within 30 days.

Motion by Selectman Maddox that we send a letter to the New Hampshire DOT saying we are going to be putting up the chevron at that location unless we get written confirmation that they are going to do something else and we're going to do that within 30 days.

Chairman Jasper is going to rule that out of order. I'm going to tell you why I'm ruling it out of order. Dracut Road is a State road. We don't have a right of way. So we do not have the legal right to put that chevron in the State right of way. That's why I'm ruling it out of order. I do think that something needs to be done.

Selectman Maddox said that Chief Gendron was here when they agreed to do a number of issues at that location and we're still waiting. Chairman Jasper said he will call the Commissioner and ask him to have someone look into it and say that we've had meetings in the past. There were agreements that things were going to be done. I will tell him that we will be glad to at our own expense put the chevron in place if they have no objection. I actually now have his cell phone number in my cell phone so I will call him tomorrow morning and have a conversation with him about the need for action.

Selectman Maddox said this goes back 3 years. There's another accident. We can't wait for another fatal to get something done out there. I understand that NHDOT is "never having done on time" but this is going on way too long. If you're going to handle it, you can give us an update. Chairman Jasper said he will report back to the Board at the next meeting.

Selectman Maddox indicated the pile next to him. He asked Mr. Webster to fill us in. You saw the e-mail. The State has once again changed its mind on Pelham Road as to whether there needs to be a dam there. Here is the supporting documentation and, again, it goes back to the DOT and the Dam Bureau. We need to get this resolved because we're about to have our monies that we're holding in abeyance expire.

Chairman Jasper's understanding from the last correspondence, maybe I missed something, was that they have now said we do not need to have a dam there. Selectman Maddox said right. Chairman Jasper said we can go ahead with the bridge project. Selectman Maddox asked if we wanted to do that. We have a design for a roadway that has some bridge component to it. Could we utilize the thing we've already spent \$100,000 on? I think that's really the question. If they don't care if we have a dam or not, and if you look at the map that was provided here, it shows the amount of downstream that will be affected all within this green area. I know most of you can't see this, but it is significant with the design that is presently being put forth. If we could go back to the one that we had that we've already paid \$100,000...Chairman Jasper said that was for one that they rejected last year. Selectman Maddox indicated because they said they wanted a dam, dam. I'm not an expert what the difference is. All I'm saying Mr. Chairman is there a way for us to find out if the design we had, which was not technically a dam, it was a filling in the existing roadway utilizing some of the same issues, changing the culvert and the outflow. Does that get us a design that is all set and ready to go? Do we need to spend another \$100,000 for a bridge?

Chairman Jasper will have to have conversations with Gary about that. I was at the meeting with the State. My understanding was that design was a dam. That was not a bridge. As a dam, they would not approve it. A bridge creates an unobstructed passage way for the water so that it's essentially the same width as the stream and the water can flow through. I think based on what I know, the answer is no we can't use that because that was a dam which was designed to hold water back. This would hold no water back if you have a bridge. It would be designed in such a way that if later on we wanted to turn that bridge into a dam, we would be able to do that. I do have concerns based on the amount of water that it held back on the Mother's Day flood that we could have some significant impact downstream. If we build this in such a

way that the dam could be added to it later, then I think we're in better shape. I've got to get a better handle on that.

Selectman Luszey was actually looking at the last memo on this that I received. It says that the Dam Bureau feels we don't need a dam. We still don't have anything in writing that says we don't need a dam. That's from Mr. Webster.

Chairman Jasper thought there was a determination made some time ago that we could go either way. We had wanted to go with a dam. That was our decision to go with a dam because of our concerns about downstream particularly right at Lowell Road. This to Selectman Luszey suggests there is no documentation that says. Chairman Jasper thought there may be some going back. I will, again, have a conversation with Mr. Webster and see where we need to go on this. Obviously we need to resolve this one way or another. I'll get an answer to your question but I'm pretty sure...Selectman Maddox said June 30th is the...Chairman Jasper said that's the concern. I think based on my knowledge that we cannot use that design. They may be able to use a large percentage of their design work to simply turn that into a bridge because all you're essentially doing is putting ...one of the papers Selectman Maddox was reading this evening said we might be able to increase the amount of (inaudible) by increasing the size of the culverts which would accomplish the same basic thing. All I'm saying is do we want to spend another \$100,000. Chairman Jasper didn't think there was any need for us. We don't need to start from ground zero. Let me talk to Gary and again I'll report back to the Board next week.

Selectman Luszey – The only thing I have this evening is that the IT Director will be coming forth next week with the policy upgrades related to the use of computers for this Board's approval and review. It's gone through legal. It's looking pretty good.

Selectman Nadeau – The only thing is to the residents just to be aware tonight if they're driving after 1 a.m. that they will be stripping the roads tonight. So be cautious of the white and yellow lines. That's all I have this evening.

Selectman Coutu – First thing I want to bring to your attention the fact that we did have the ice cream social. Unfortunately it was held on a night that there was a tornado warning for the area until 8 p.m. It was sparse attendance. I want to, again, thank Gerry and Michelle Shattuck of Countrybrook Farms for donating the ice cream.

This was a social event Mr. Chairman. An opportunity for us to appear and express our gratitude to those people who are appointed to committees and also to other people who serve in various capacities in the Town, specifically Benson Park project and things like that. It's a very informal gathering where Selectmen dish out ice cream and we get to chit chat and we get to express our appreciation. Unfortunately for me, the social event turned into other than a social event. I got into a confrontation with a member of the Budget Committee. The member of the Budget Committee said that they were concerned that I had made statements publicly that the 9/11 Memorial was not going to cost this Town anything. In the form of a question basically accused of us spending money on overtime for police officers at every intersection, stopping traffic so we could bring the 9/11 steel in. I took umbrage in that and stated emphatically that that was not the case. These are how rumors get started. The person on the Budget Committee stated to me that that's what she was trying to do was to avoid having rumors when, in fact, I felt that she was beginning to spread one there.

As a result, I'm very conscientious about statements that we make and how they affect the taxpayers. I asked both the Police Department and the Fire Department to respond to two questions. Number one the Police Department I asked the Chief of Police if at any time any overtime monies were expended to provide a special traffic duty by police officers. I received the following letter from the Chief of Police:

“To: Roger Coutu, Vice-Chairman, Board of Selectmen
From: Jason Lavoie, Chief of Police
Date: 2 June, 2011
Re: Overtime costs for arrival of Trade Center Beam

On today's date you made me aware of a conversation between yourself and Joyce Goodwin, the Vice-Chair of the Budget Committee. The conversation took place on the night of 1 June, 2011 at the volunteer ice cream social. It was alleged that additional officers were brought in for this as a special assignment. Their assignment was to escort the beam and shut down various intersections to allow the beam to pass through without stopping. I can absolutely say that this allegation is not truthful. This claim is baseless, without merit, and proof. I did not pay or hire anyone for additional duties. We did have an on duty officer escort the beam as it made its way through a portion of the Town. I am attaching the IMC payroll screens for this day as proof that the allegation made is not truthful."

Selectman Coutu said it goes on. I'm going to submit this to you to be placed on file. It has all of the documentation that no one was paid any overtime.

Secondly, it was further asserted that we spent money on gasoline when I went with various members of the 9/11 Committee to New York. So it was alleged that we used Town gas. I asked the Fire Chief if anyone was paid any overtime, if any expenditure of monies was used for gas. I received the following letter:

"To: Selectman Coutu
Re: Fire Department Vehicle Use
From: Shawn Murray, Fire Chief

In reference to your inquiry as for the Fire Department's role in picking up the steel for the 9/11 Memorial specifically, if the department paid overtime or for gas for the trip to New York City, the Fire Department did not pay anyone overtime. This was strictly a volunteer detail. I authorized the use of the 1999 Crown Vic. vehicle to travel to New York City as the steel was being accepted on behalf of the Town of Hudson. All personnel were in uniform for the event. The fuel costs related to the trip to New York City was paid for by Captain David Morin using his personal funds. I hope this answers any concerns in this matter regarding Chief Murray."

In case this is ever brought up again by the Committee, Selectman Coutu would like to submit that. Mr. Chairman as you are well aware we've become the subject of all kinds of criticism by our local paper and by various citizens in the community. I wish people would think very carefully before they go and make statements. I wish they would go and get the facts first. There are a lot of people in this community, and you see it yourself with the work that's going on at Benson's that give some much of themselves of their time, of their finances to try to make this Town a much better place to live. We've been very successful with those endeavors. 9/11 is just another shining example of the good that can be done in the community and something that is going to attract a lot of people to Benson's. Another opportunity for people to go see Benson's for another reason perhaps. While these people are in town, we have to mindful that we're going to bring in some tourists. Those tourists are going to visit our shops, and our restaurants, and they're going to eat here. They're going to enjoy our town. Maybe someday they might want to become a resident of our town. I just get absolutely fed up with all the rumors that's going on and without a basis of fact. I would appreciate it if somebody wants to make a direct inquiry and it has to do, especially budget people. It's necessary that they have the information. Rather than come and make an accusation, I would respectfully request that any member of the Budget Committee, I guess, can call any department head and make a request directly without having to make an accusation, so they in fact have facts to deal with. With that, I thank you Mr. Chairman.

Chairman Jasper thanked Selectman Coutu. It is certain unfortunate that there are people who would rather cast aspersions than get the facts. We do have a great community here. There are a lot of good people working for the common good. I think it's only a handful of people who just love to try to stir the pot and cause problems. None of us are perfect. We all make mistakes. I truly believe that the people that we have working for us and in town government rarely, if ever, make those mistakes on purpose. Unfortunately it happens. The rumors of it happening far exceed the actual cases of anything nefarious taking place. Those people who sit at home and start the rumors, and write to the Thumbs Down, and make personal attacks on many people really ought to think about what their role is in making this community a better place. Certainly by doing that, it won't happen. I get accused of many things, as most of us do. None of those

people have ever called me up and said hey Sean I've heard something. Can you tell me if it's true or not. I'm in the phone book, pick up the phone, and give me a call.

Selectman Luszey does have one other item. Most of you know I've been trying to get a Joint Planning Committee put together. Good news, I have membership from the School Board, Library Trustees, and Budget Committee. With a little bit of luck, we'll actually get that first meeting kicked off later this month. I'm looking forward to presenting some proposals to this Board, School Board, and Budget Committee to help out with reducing and eliminating some duplication of services. I think that's good news.

Selectman Jasper – While I have forgotten the date is it this weekend coming up. The circus is coming to town or is it next weekend. It's the following weekend. The big top is coming to Hudson at the Hills House. There are limited number of shows. It's certainly a rare opportunity in Hudson. I know that not everyone approves of the circus and if you don't approve, don't go. As an old farmer, there's one thing that's true. If you don't take good care of your animals, they will not take good care of you. One thing I've learned over the years, the allegations of abuse against animals while there are some of those, certainly most of the people who take care of animals on any level truly do appreciate them and take good care of them because they simply will not perform if you abuse them. While most of it may be playing out in limited number of areas, there are certainly some people who have been negative about the circus coming to town. I think it should certainly be and the profits from that are going to Benson Park and to the Friends of Bensons.

Selectman Nadeau said the tickets are available if anybody is wondering at the Hudson True Value, where I picked mine up today. They do have coupons at True Value for children. They have coupons at Rogers for the discount tickets too. You can purchase your tickets at the Hudson True Value. He was very helpful today over there showing me the seating arrangements and where I'd like to be seated. Glad you pointed that out. Selectman Maddox asked if it was assigned seating. Selectman Nadeau said there are assigned seating, general seating, and VIP seating. You pay extra for the seating. The VIP seating you're sitting right in front of the main ring. Logan will be sitting up front. It was \$21 for his ticket. It's definitely going to be worth it. It's not too often that you see a circus come to Hudson, New Hampshire. I think it is definitely going to be interesting. Selectman Coutu said his wife wants to go and I was shocked when she told me. Selectman Nadeau said the hay field has all been cleared up at Alvirne. They cut the hay Thursday/ Friday of last week getting ready for the Chili Cook-off. Chairman Jasper was helping the other night stack hay.

6. ADJOURNMENT

Motion to adjourn at 8:48 p.m. by Selectman Maddox, seconded by Selectman Luszey, carried 5-0.

Recorded by HGTV and transcribed by Donna Graham, Recorder.

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Roger E. Coutu, Selectman

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